

NEW COLLEGE INSTITUTE

**REPORT ON AUDIT
FOR THE YEARS ENDED
JUNE 30, 2009**



AUDIT SUMMARY

Our audit of the New College Institute for the year ended June 30, 2009, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System
- no matters involving internal control and its operations necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

- TABLE OF CONTENTS -

	<u>Pages</u>
AUDIT SUMMARY	
AGENCY HIGHLIGHTS	1
AUDIT OBJECTIVES	2
AUDIT SCOPE AND METHODOLOGY	2-3
CONCLUSIONS	3
EXIT CONFERENCE AND REPORT DISTRIBUTION	3
AGENCY OFFICIALS	4

AGENCY HIGHLIGHTS

New College Institute is a state-funded educational entity that provides access to bachelor's degree completion programs, master's degrees, teacher endorsement programs, teacher recertification courses, and other academic offerings through partnerships with colleges and universities. New College Institute augments the academic offerings of its college and university partners with an outreach program of community workshops, individual counseling, non-credit courses, and internship opportunities.

New College Institute serves as a resource and referral center with its educational outreach program by maintaining and disseminating information on existing educational programs, college admission requirements, and college financial aid. New College Institute also funds a summer internship program for college students and summer camps for elementary and secondary students.

In the 2008-2009 academic year, New College Institute enrolled 347 students in bachelor degree, master's degree, and teachers license programs. To meet the educational needs of Southern Virginia, New College Institute collaborates with the Institute for Advanced Learning and Research in Danville and the Southern Virginia Higher Education Center in South Boston.

New College Institute receives funding through General Fund appropriations and Special Fund grants and contracts. The schedule below summarizes revenue and expenses for fiscal year 2009 activities. As part of the Governor's statewide budget reduction plan, the original General Fund appropriation of \$1,484,809 was reduced by \$112,506, which New College Institute achieved through reductions in payroll expenses and spending for printing, employee travel, and employee tuition reimbursement. New College Institute had an unexpended General Fund balance at June 30, 2009 of \$45,951, which the Department of Planning and Budget allowed the Institute to carry forward to fiscal year 2010

New College Institute received a \$1.2 million grant from the Virginia Tobacco Commission. Total expenses under the grant totaled \$383,235, for fiscal year 2009, and the Institute expects to spend the remaining funds of \$913,933 in fiscal year 2010.

Analysis of Operating Revenues and Expenses

Fiscal Year Ended June 30, 2009

Revenues:

State operating appropriations	\$1,372,303
Grants and contracts	<u>383,235</u>

Total revenues	<u>\$1,755,538</u>
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Expenses:

Compensation and benefits	\$ 775,448
Administration	433,599
Classroom renovations	215,312
Educational programs	173,172
Other	<u>112,056</u>

Total expenses	<u>\$1,709,587</u>
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Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

June 9, 2010

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable Charles J. Colgan
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of **New College Institute** for the year ended June 30, 2009. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of the Institute's internal controls and test compliance with applicable laws and regulations.

Audit Scope and Methodology

The Institute's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Revenues
Expenditures
Appropriations

We performed audit tests to determine whether the Institute's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. We tested transactions, performed analytical procedures, reviewed budgetary analysis, inquired of appropriate personnel, inspected documents and records, and performed such other auditing procedures, as we considered necessary to achieve our objectives.

Conclusions

We found that the Institute properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Institute records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Exit Conference and Report Distribution

We discussed this report with management on June 3, 2010. This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

JHS/clj

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